

IN THE DISTRICT COURT OF THE UNITED STATES

For the Western District of New York

**NOVEMBER 2012 GRAND JURY
(Empaneled 11/9/2012)**

THE UNITED STATES OF AMERICA

INDICTMENT

-vs-

**NICHOLAS MUSSOLINI
a/k/a Nicole Mussolini**

Violations:

Title 18, United States Code, Section
1343.

(6 Counts)

**COUNTS 1 THROUGH 6
(Wire Fraud)**

The Grand Jury Charges That:

At all times pertinent herein:

1. The defendant, NICHOLAS MUSSOLINI a/k/a Nicole Mussolini, resided in Williamsville, New York, in the Western District of New York, and purported to be the owner of a finance company known as Preston Waters Corporation (hereafter referred to as "PWC").

2. The defendant, NICHOLAS MUSSOLINI, advertised, and represented to clients and representatives of clients, that he could obtain funding or financing for business ventures, films, and other

projects. The defendant advertised these services through the PWC website, www.preston-waters.com.

3. The defendant, NICHOLAS MUSSOLINI, represented that PWC had an office in New York City, when in fact, this office was a virtual office, to which the defendant had physical access only several times a month, and the defendant operated PWC primarily from the Western District of New York. Mail and calls to the virtual office were forwarded to the defendant in the Western District of New York.

4. The defendant communicated with potential clients and representatives of clients by way of e-mail and telephone. The defendant's e-mail address, nicholas@preston-waters.com, was connected to PWC's website, which was registered to his address in the Western District of New York. The defendant sent e-mails to clients and representatives of clients that included offers to obtain funding, agreements to obtain funding, and assurances that funding was forthcoming.

5. First Niagara Bank was a federally insured financial institution, headquartered in the Western District of New York.

The Scheme

6. Beginning in or about September 2011 and continuing through on or about January 18, 2013, the exact dates being unknown, in the Western District of New York, and elsewhere, the defendant, NICHOLAS MUSSOLINI a/k/a Nicole Mussolini, did devise, and intend to devise, a scheme and artifice to defraud Knob Hall Winery ("Knob Hall") of money, and to obtain money from Knob Hall by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme and artifice, did transmit, and cause to be transmitted, by means of wire communication in interstate commerce writings, signs, signals, pictures, and sounds.

7. Knob Hall was a company operated by H.S., a person known to the Grand Jury. In or about February 2012, H.S. came into contact with PWC and came to understand that PWC was run by the defendant, NICHOLAS MUSSOLINI.

8. It was a further part of the scheme and artifice that in or after February 2012, the defendant, NICHOLAS MUSSOLINI, told representatives of Knob Hall that PWC had the ability to obtain a loan for Knob Hall through a third party.

9. It was a further part of the scheme and artifice that in or about February 2012, the defendant, NICHOLAS MUSSOLINI, entered

into an agreement with Knob Hall, wherein, Knob Hall was to provide \$558,000 to the defendant, NICHOLAS MUSSOLINI, which was to be used by the defendant for purposes of obtaining an \$11,058,000 loan for Knob Hall from a third party.

10. It was a further part of the scheme and artifice that the defendant, NICHOLAS MUSSOLINI, represented to H.S. that the \$558,000 was to be used as a deposit necessary for PWC to obtain a loan for Knob Hall in the amount of \$11,058,000 from a third party. The defendant, NICHOLAS MUSSOLINI, further told representatives of Knob Hall that they were entitled to a refund of the \$558,000 within 30 days if funding was not received.

11. It was a further part of the scheme and artifice that on or about February 4, 2012, the defendant, NICHOLAS MUSSOLINI, sent an e-mail to H.S., to which were attached five documents on PWC letterhead, setting forth the terms of the agreement between PWC and Knob Hall, as described above. Each document bore the electronic signature of the defendant, NICHOLAS MUSSOLINI, as Chief Executive Officer of PWC. The documents included instructions for wiring funds to PWC, and specified that funds to be provided to the defendant would be wired by Knob Hall to First American Commercial Escrow, LLC ("FACE"), who would then release the funds to the defendant.

12. It was a further part of the scheme and artifice that negotiations ensued between representatives of Knob Hall and the defendant, NICHOLAS MUSSOLINI, which led to a modification of the proposed agreement such that Knob Hall would provide \$458,000 to PWC, which PWC would use to obtain \$11,058,000 in funding from a third party, on behalf of Knob Hall and that the defendant, NICHOLAS MUSSOLINI, was to pay \$100,000 of the defendant's funds on behalf of Knob Hall for the purpose of obtaining said \$11,058,000 loan for Knob Hall. The defendant, NICHOLAS MUSSOLINI, further told representatives of Knob Hall that they were entitled to a refund of the \$458,000 within 30 days if funding was not received. The aforementioned agreement was later updated to reflect these modifications.

13. It was a further part of the scheme and artifice that the defendant, NICHOLAS MUSSOLINI, told H.S. that the funds provided to PWC by Knob Hall were to be used to purchase a financial instrument by PWC, \$11,058,000 of which would be provided to Knob Hall to fund a project.

14. It was a further part of the scheme and artifice that on or about February 9, 2012, H.S., on behalf of Knob Hall, caused \$458,000 to be wired from a Citibank Account to the JP Morgan Chase Bank Account controlled by FACE.

15. It was a further part of the scheme and artifice that on or about March 7, 2012, upon the instructions of H.S., FACE transmitted, by wire, \$451,100 from its JP Morgan Chase Bank Account to a First Niagara Bank Account controlled by the defendant, NICHOLAS MUSSOLINI.

16. It was a further part of the scheme and artifice that, in response to requests by representatives of Knob Hall to PWC for money to cover business expenses while awaiting the disbursement of the \$11,058,000 loan, the defendant, NICHOLAS MUSSOLINI, made payments to Knob Hall, which he characterized as a "bridge loan".

17. It was a further part of the scheme and artifice that, on or about March 21, 2012, in response to Knob Hall's requests, a representative of Knob Hall received a wire transfer in the amount of \$75,000 into a bank account at First National Bank of Mercersburg from a First Niagara Bank Account controlled by the defendant, NICHOLAS MUSSOLINI.

18. It was a further part of the scheme and artifice that, on or about March 22, 2012, in response to Knob Hall's requests, a representative of Knob Hall received a wire transfer in the amount of \$75,000 into a bank account at First National Bank of Mercersburg from a First Niagara Bank Account controlled by the defendant, NICHOLAS MUSSOLINI.

19. It was a further part of the scheme and artifice that the source of the \$150,000 provided by the defendant, NICHOLAS MUSSOLINI, to Knob Hall, was a combination of payments made to the defendant by Knob Hall and other victims of the defendant's scheme.

20. It was a further part of the scheme and artifice that, between on or about March 6, 2012, and in or about September 2012, the defendant, NICHOLAS MUSSOLINI, gave representatives of Knob Hall numerous assurances that funding was forthcoming.

21. It was a further part of the scheme and artifice that neither Knob Hall nor any other representative of Knob Hall ever received any additional funds from PWC or from the defendant, NICHOLAS MUSSOLINI, nor did they receive a loan from a third party.

22. It was a further part of the scheme and artifice that the defendant, NICHOLAS MUSSOLINI, never made a \$100,000 payment on behalf of Knob Hall for the purpose of securing funding for Knob Hall.

23. It was a further part of the scheme and artifice that the defendant, NICHOLAS MUSSOLINI, used the \$451,100 provided by Knob Hall for various expenditures, and that the funds were not applied

towards the costs of obtaining a loan or financial instrument for Knob Hall.

24. On or about the dates listed below, in the Western District of New York, and elsewhere, the defendant, NICHOLAS MUSSOLINI, for the purpose of executing the scheme and artifice did transmit, and cause to be transmitted, by means of wire communication in interstate commerce the following writings, signs, signals, pictures, and sounds, described below for each count:

COUNT	DATE	ITEM
1	02/04/2012	E-mail with attachments from "Nicholas Mussolini" at e-mail address nicholas@preston-waters.com to H.S. regarding agreement to obtain funding for Knob Hall
2	02/06/2012	E-mail with attachment from "Nicholas Mussolini" at e-mail address nicholas@preston-waters.com to H.S. regarding PWC agreement to pay \$100,000 on behalf of Knob Hall
3	02/09/2012	JPMorgan Chase Bank Incoming Wire Credit to: FACE Acct # ending in 8432 Amount of Payment: \$458,000 Debit from: Citibank Trans Ending: 9040Ff
4	03/07/2012	First Niagara Bank Incoming Wire Credit to: Preston Waters Corporation Acct # ending in 5445 Amount of Payment: \$451,100.00 Debit from: JPMorgan Chase Bank Acct # ending in 8432
5	03/21/2012	First Niagara Bank Outgoing Wire Credit to: First National Bank of Mercersburg Acct # ending in 0383 Amount of Payment: \$75,000.00 Debit from: Preston Waters Corporation Acct # ending in 5445

COUNT	DATE	ITEM
6	03/22/2012	First Niagara Bank Outgoing Wire Credit to: First National Bank of Mercersburg Acct # ending in 0383 Amount of Payment: \$75,000.00 Debit from: Preston Waters Corporation Acct # ending in 5445

**All in violation of Title 18, United States Code, Sections 1343
and 2.**

DATED: Buffalo, New York, February 27, 2013.

WILLIAM J. HOCHUL, JR.
United States Attorney

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A TRUE BILL:

S/FOREPERSON
FOREPERSON